

INF LETTER

April 2008

Buzz: The Meaning of “Return on Investment”

Social Return on Investment, or SROI, is an attempt to measure the social and financial value created by a non profit. It is based on stakeholders and puts financial values on important impacts which do not have market values.

It has not been proven to drive increased investment, but it is popular with academics and some consultancies. A number of services are now looking at analyzing the ‘investment’ in charities as yielding a social return on investment.

The methodology for calculating social return on investment was pioneered by the Roberts Enterprise Development Fund (REDF), a philanthropic fund located in San Francisco that invests in organizations working for social benefit. Since then, the SROI approach has been developed to take into account developments in corporate sustainability reporting as well as ways developed in the field of

See [Return on Investment](#) p. 2

Sustaining the Relationship

Developing Local Funding: There’s No Place Like Home!

This is the final article in a series on Community/Local Funding Development. This month’s article will focus on Maintaining Your Meaningful Relationships. It parallels information being developed and compiled by the Cancer Resource Enhancement Project for training purposes which will eventually be sent to all projects.



Maintaining your relationship with proven funders is critical. Obviously it keeps you from having to reinvent the proverbial fundraising wheel year after budget year, which saves time and effort. And it creates the kind of social equity that gives balance to community-wide initiatives to meet a variety of needs for its members.

Think about the relationship from the funder’s point of view: if it was your money you were handing over, what would you expect in return? To be kept in touch with progress? To be told if there are problems? To hear about progress made in the longer term? To be invited to the occasional event or Annual General Meeting?

Different funders vary in how they expect you to report formally – and obviously making sure you meet their criteria in full is vital to establishing that special relationship. A lot of charitable funders and donors do not ask for much in the way of formal reports. But keeping in touch

See [Developing Local Funding](#) p. 2

In this issue...

SROI
Keeping Funders
Philanthropy Notes
Hot Links
A Bad Reputation?

INFO LETTER



April 2008

Return on Investment Cont. from p. 1

accounting for social and environmental impact. The idea has been fueled by increasing recognition of the importance of metrics to manage impacts that are not included in traditional profit and loss accounts, and the need for these metrics to focus on outcomes over outputs.

Much more than a single number, SROI analysis is a way of reporting on value creation. It bases its understanding of value on the views of stakeholders, finds indicators of what has changed and tells the story of this change and, where possible, uses monetary values for these indicators. It is an emerging discipline: a skill set for the measurement and communication of non-financial value.

The question of how individuals and societies value one thing compared with another continues to absorb philosophers, psychologists, social scientists and economists.

See **Return on Investment** p. 3

How to Develop Funding for Your Project in Your Home Community

Cont. from p.1

can make a real difference to their perception of the group and their willingness to fund again in the future.

Just keep applying the natural steps we all embody with our dearest friends. Suffice it to say that

keeping some of the following in mind will start you in the proper direction: listening, remembering, relating, caring, staying in touch, informing, asking, helping and thanking. Developing the personal relationship both requires commitment AND creates it!

Above all, you must maintain your credibility. Don't ask for what you do not need, and always be proactive and accurate representing the program's expenditures.

Generate and maintain accurate, up to the minute cost analysis sheets on every

aspect of each project in the organization. Make them available to potential donors. Send them along with every proposal. List them on your

website. Have them ready at a moment's notice in that rare case when you are contacted by a potential donor who has money that needs to be dispersed immediately and wants your proposal on their desk that day. Let them see how much of your money goes where. Show them you are always ready.

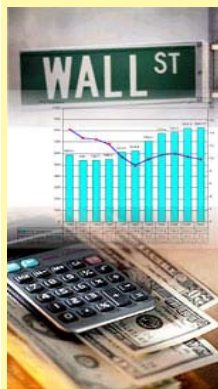
If you aren't able to personally and easily store and access vital information, then you are severely limited in the results you can achieve. Every organization must consider all such information a key asset. The best fundraising organizations harness the power of aggressive and extensive record keeping and use it to enable and ensure outstanding results.



InfoLetter

April 2008

Return on Investment Cont. from p. 2



But all of us live in the real world and, having to get on with life, we make do. We make do by using prices, and we accept that the price of things reveals peoples' preferences for one thing over another. Price is a proxy for value.

While price may represent the exchange value – its market price – it doesn't completely represent all the value to either the seller or the consumer or to others who may be affected. Prices will depend in part on the distribution of income and wealth: different distributions result in different prices which result in different proxies for value.

The use of monetary proxies for social, economic and
See **Return on Investment** p. 4

Philosophical Philanthropy

Know What Makes Them Tick

Giving is often motivated by humans' deeply held need to find meaning in life. Humans want to feel a sense of connection and a sense of purpose to life. Giving (time, money, and energy) is a central way that we strive to find meaning.

Maslow's Hierarchy of Needs (a central theory of what drives human behavior) says that while humans are driven by items that benefit them, once these needs (food, sleep, security, etc.) are met, they are driven by the desire for self-actualization. Self-actualizing people:

- embrace the facts and realities of the world (including themselves) rather than denying or avoiding them.
- are spontaneous in their ideas and actions.
- are creative.
- are interested in solving problems, including those of others.
- feel a closeness to other people and appreciate life.
- have a system of morality that is fully internalized and independent of external authority.
- have discernment and are able to view all things in an objective manner.

This describes the very best philanthropists. Just as we eat to satisfy our desire to live, we give to satisfy our desire for meaning. Understanding a funder's needs will benefit and thereby sustain the relationship.

http://www.ssireview.org/opinion/entry/why_do_people_give

The monthly InfoLetter is published for the Texas Cancer Council by the Cancer Resource Enhancement Program for the benefit of the TCC funded projects.

Ginger Cook, CREP Director
ginger@fundingsolutions.org

Lou Ashmore, Program Director
lou@fundingsolutions.org

Funding Solutions
10 1st St. NE
Paris, TX 75460
Office: 903-783-1132
Fax: 903-783-1149

Cancer Resource Enhancement Program



April 2008

Return on Investment Cont. from p. 3

environmental value offers several practical benefits:

- makes it easier to align and integrate performance management systems with financial management systems
- aids communication with many internal stakeholders, especially those responsible for finances and resource allocation, and with those who are prefer quantitative to qualitative ways of learning
- induces transparency since it precipitates the clarification of which values have been included and those which have not been included
- helps identify the critical sources of value and by doing so, streamlines performance management.

The concept of understanding your organization's ROI and being able to clearly convey that to potential funders is a "must" in today's competitive funding climate.

Adapted from Wikipedia

HOT LINKS

Robert Wood Johnson
Foundation

Local Initiative Funding Partners

LIFP is a partnership between RWJF and local grantmakers that supports innovative, community-based projects to improve health and health care for underserved and vulnerable populations. Proposed projects must offer community-based services that are new and innovative for the community, county, state or nation. Significant program expansions may also be considered.

Issues of interest include **groups whose health status is affected by social factors**. Programs that expand access to care without exploring new models - such as the start-up of community health centers and clinics, mobile vans, and school-based health centers - are not likely to be competitive.

LIFP provides grants of \$100,000 to \$500,000 per project, which must be

matched dollar for dollar by local grantmakers such as community/ family foundations, corporate grantmakers and others. To be eligible for these matching grants of \$100,000 to \$500,000 a project will have to be nominated by a local grantmaker.

Deadline: 8 July 2008

<http://www.lifp.org/>

Active Living Research Call for Proposals - Round 8

Approximately \$3.3 million will be awarded for research grants exploring four topics relating to youth physical activity and sedentary behavior at the population level. All proposals must be submitted through The Robert Wood Johnson Foundation (RWJF) Grantmaking Online system. **The full proposal submission deadline is Wednesday, May 14, 2008, 1:00 p.m. PDT.**

Contact Amanda Wilson, Research Coordinator, at awilson@projects.sdsu.edu or 619-260-5538.

INF LETTER

April 2008



Dear Non-Profit ,

I haven't heard from you in awhile and I admit, it hurts.

I find it hard to believe you aren't answering my letters or returning my calls. I thought we got along so well, and we seemed to have so much in common. I really hoped our relationship was going to be long term.

I don't know how to put this delicately, but it seems like once you got what you wanted, you weren't interested anymore. I know you're busy, but it seems like I only hear from you when you want more. I feel used.

Sincerely,

Your Corporate Donor

Fundraising and the One-night Stand: Don't Let This Be Your Bad Reputation!

To raise money you have to keep your existing donors connected and happy with the experience. Like a milestone first date, the relationship is tentative and vulnerable. Remember, just like you and I, donors are looking for something mutually beneficial and rewarding. But remember, being thoughtless can mess up a good thing. Here are some common examples of relationship faux pas....

No thank you letter sent - the ultimate sin! Or if one is sent, it has spelling mistakes and looks like a form letter with no impact statement or relationship to the gift. Yuck!

No follow up or evaluation even though it was a pre-condition of funding. So - how was the money used? What was the impact? Knowing these things will help the donor promote your project through its corporate public relations activities.

Disregard for approval policy and corporate identity standards.

Lack of notice given when requesting approvals on news releases, logo use, etc.

Worse than lack of notice - not requesting approval before announcing the donation. Most corporate funders like to preview news releases and announcements to make sure they're correct and to make sure they have the opportunity to maximize communications.

Sending photos with no index, identification or captions.

Lack of coordination within your organization. If you are providing more than one point of contact for your project, ensure all of your team is on the same page.

If you have worked together on a news release or event, send copies of coverage along with feedback. This is pure gold for corporate communications and public relations departments.

Every day, in every way - it's about your partner. Ahhh... now that's true love!

Check makeitcountcommunications.com